



IID

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IMPERIAL IRRIGATION DISTRICT
W. R. Condit Auditorium
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REGULAR MEETING OF DECEMBER 20, 2011

Board of Directors

Div. 1 – Matt Dessert
Div. 2 – John Pierre Menvielle, *Vice President*
Div. 3 – Jim Hanks
Div. 4 – Stella Altamirano Mendoza, *President*
Div. 5 – Anthony Sanchez

Kevin E. Kelley, *General Manager*
Jeffrey M. Garber, *General Counsel*
Gloria A. Rivera, *Secretary to the Board*

All public records relating to an agenda item are available for public inspection at the time the record is distributed to all or a majority of the directors in the office of the secretary to the board located at 333 E. Barioni Boulevard, Imperial, California, during regular business hours, 7:30 a.m. – 5:30 p.m., Monday through Thursday, excluding holidays, or by visiting IID's website (www.iid.com). Please remember to shut off all cell phones, pagers or electronic devices upon entering the auditorium.

In compliance with the Americans with Disabilities Act, if special assistance is needed to participate in the board meeting, please contact the board secretary during regular business hours at 760.339.9477. Notification received 48 hours before the meeting will enable the district to make reasonable accommodations.

MEETING CALLED TO ORDER – 9 a.m.

PUBLIC COMMENTS

CONVENE CLOSED SESSION

- A. Conference with labor negotiators (Cal. Gov. Code sec. 54957.6)
- B. General counsel performance evaluation (Cal. Gov. Code sec. 54957)
- C. Conference with real property negotiators re terms of offer to purchase Western Farms land surplus of 1,592.73 acres located northeast of Calipatria, CA (Cal. Gov. Code sec 54956.8)
- D. Conference with legal counsel re potential litigation: SB X1-2 renewable portfolio standard enforcement plan resolution (Cal. Gov. Code sec. 54956.9)
- E. Conference with legal counsel re existing litigation: QSA Coordinated Cases, Sacramento Superior Court Case No. JCCP 4353, on appeal before the Third Appellate District as No. C064293 (Cal. Gov. Code sec. 54956.9)
- F. Conference with legal counsel re potential litigation: water storage issues (Cal. Gov. Code sec. 54956.9)
- G. Conference with legal counsel re potential litigation: QSA environmental mitigation issues (Cal. Gov. Code sec. 54956.9)
- H. Conference with legal counsel re potential litigation: use of Colorado entitlement water for environmental mitigation, storage of water for international use, and other Colorado River disputes (Cal. Gov. Code sec. 54956.9)

RECONVENE REGULAR SESSION – 1 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

Pastor Ron Valenzuela, Harvest Church, El Centro

REPORT ACTIONS TAKEN IN CLOSED SESSION, IF ANY

PRESENTATIONS

Ceremonial presentation of public benefits rebate check to Pioneers Memorial Healthcare District. 1

APPROVAL OF AGENDA

- Items to be pulled from the agenda
- Order of agenda items

PUBLIC COMMENTS (limited to 5 minutes per speaker)

This is a public meeting and this is the time for public comment. At this time you may address the board on items that are within the subject matter jurisdiction of IID, but not an item on the agenda. Those who wish to address the board should come to the microphone and state your name and address for the record. Any action taken as a result of public comment shall be limited to direction to staff.

COMMENTS FROM BOARD MEMBERS • LEGAL • GENERAL MANAGER

CONSENT

Executive:

1. Approval of 2012 board meeting calendar 2
2. Acknowledge directors' expense reports 4
3. Ratification of appointment to the Energy Consumers Advisory Committee 26

Administrative Services:

4. Approval of changes to Policy No. 7200, critical infrastructure protection system 27
5. Adoption of resolution declaring certain items as surplus and ready for disposal 32

Energy:

6. Approval of Major Work Authorization No. P-6448 re upgrades to New Jackson Substation 36
7. Amendment No. 1 to major work authorization for projects related to CalTrans Utility Agreement No. 21214 (Rte 86S/Airport Blvd)..... 37

Direction may be provided to staff on any information item, but no action will be taken.

INFORMATION

Executive:

8. Appearance by attorney Charles DuMars 42

9.	Review revisions to Policy No. 1080 covering the major work authorization process	43
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Energy:

10.	General matters	57
11.	Public benefits program update and presentation of 2012 programs with budget allocations	58
12.	Review of requirements under Senate Bill X1-2 regarding renewable portfolio standards ...	66

Water:

13.	General matters	73
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ACTION

Executive:

14.	Internal auditing general matters	74
15.	Audit covering analysis on Western Farms land sales	75

Energy:

16.	Adoption of resolution in support of proposed pilot project by FOG Companies, LLC, to collect/process fats, oils and grease from residential/commercial cooking processes and construct plant to manufacture collection devices	81
17.	Approval and authorization for staff to procure 1,500/MMBTU/day of biogas through Element Markets Renewable Energy, LLC	116
18.	Presentation of energy cost adjustment report for November 2011	121

Water:

19.	Approval and authorization for staff to begin the following program contracting process for 2012-13 to meet water transfer schedule requirements	126
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Finance:

20.	Acknowledge financial report for October 31, 2011	128
21.	Adoption of resolution covering the passage of the IID budget and staffing plan for 2012 ...	143
22.	Adoption of resolution for IID to reimburse itself for certain expenditures related to financing of IT equipment/projects and vehicles	145

CONSENT ITEMS ADDED TO ACTION AGENDA

ADJOURN



■ BOARD AGENDA MEMORANDUM

INFORMATION

TO: Board of Directors
FROM: General Manager
SUBJ: Renewable Portfolio Standard Enforcement Program
DATE: December 20, 2011
DEPT: Energy

Responsible presenter: Antonio Ortega, governmental affairs specialist, and Joel K. Ivy, interim energy manager

Background:

Earlier this year, Governor Brown signed into law Senate Bill X1-2 (Simitian, 2011). This new statute requires all utility providers in California to achieve a 33 percent renewable portfolio standard by 2020. One of the components within SB X1-2 requires publicly owned utilities to adopt an RPS enforcement program by January, 2012. This program is intended to provide a framework to comply with the overall provisions of SB X1-2.

The California Energy Commission has been tasked with an increased role of overseeing RPS compliance for the state POU's. This includes electronic posting of public meeting dates and times associated with all RPS enforcement program activities on its website. Prior to the district board adopting an RPS enforcement program, it must give a 30-day notice to both the CEC and the general public of its intent.

Attached is the draft resolution that the board will be asked to adopt next month.

Financial Impact:

Unknown at this time.

Recommendation:

Staff will recommend board approval of the RPS enforcement program at the last regularly scheduled meeting of January, 2012.



**IMPERIAL IRRIGATION DISTRICT
RESOLUTION NO. _____**

**ESTABLISHING AN AMENDMENT TO EXISTING VOLUNTARILY ADOPTED
RENEWABLE PORTFOLIO STANDARDS ENFORCEMENT PROGRAM
PURSUANT TO CALIFORNIA SENATE BILL X1-2**

WHEREAS, the Imperial Irrigation District supports the use of renewable resources to meet the state of California's energy needs and currently has a renewable portfolio standards policy; and

WHEREAS, the state of California passed SB X1-2, effective as of April 12, 2011, requiring publicly owned utilities, including IID, to adopt and implement, among other things, a renewable energy resources enforcement program procurement plan that requires the district to procure a minimum quantity of eligible renewable energy resources over certain periods; and

WHEREAS, SB X1-2 requires the Imperial Irrigation District Board of Directors, as the governing board, to ensure that the amount of eligible renewable energy resources to be procured for the period January 1, 2011 to December 31, 2013 is equal to or greater than an average of 20 percent of retail sales; and requires IID to make reasonable progress to ensure that the procurement of eligible renewable energy resources achieves 25 percent of retail sales by December 31, 2016, and 33 percent of retail sales by December 31, 2020 and in all subsequent years; and

WHEREAS, the Imperial County residents that helped form the Imperial Irrigation District 100 years ago support the efforts to harness the renewable energy available from hydropower; and

WHEREAS, the Imperial Irrigation District is mindful of the extreme economic climate and high unemployment facing its customers; and

WHEREAS, the Imperial Irrigation District supports job creation from the construction and operation of renewable generating plants located in its electrical service territory; and

WHEREAS, SB X1-2 authorizes the IID Board of Directors, as the governing board of IID, to adopt cost limitations for procurement expenditures of renewable energy resources at levels that avoid disproportionate rate impacts; and

WHEREAS, the state of California has revised the renewable portfolio standard program elements required of electric utility companies in the California Renewable Energy Resources Act (also known as SB X1-2); and

WHEREAS, the Imperial Irrigation District will adopt a renewable portfolio standard procurement program consistent with the California Renewable Energy Resources Act; and

WHEREAS, SB X1-2 establishes conditions that allow for the delay of timely compliance under certain limited circumstances, including lack of availability of eligible renewable energy resources; and

WHEREAS, the IID Board of Directors is required to adopt a program for the enforcement of IID's obligations under SB X1-2 on or before January 1, 2012 and hold a publicly noticed meeting offering all interested parties an opportunity to comment;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

- (1) The Imperial Irrigation District Board of Directors hereby adopts the following renewable portfolio standard compliance/enforcement program to insure its renewable resources procurement plan will comply with the provisions of the California Renewable Energy Resources Act.
- (2) The Imperial Irrigation District staff shall present a Renewable Resources Procurement Plan for adoption by its board that is consistent with the requirements of the California Renewable Energy Resources Act.
- (3) District staff shall update the board on the progress in reaching the goals of the Imperial Irrigation District renewable resources procurement plan.
- (4) District staff shall also provide an update to the board at any time the Imperial Irrigation District is not likely to reach the requirements of its adopted renewable portfolio procurement plan.
- (5) Public notice of the Imperial Irrigation District board meeting where the procurement plan and any revisions will be reviewed and/or adopted will comply with the notice requirements in the California Renewable Energy Resources Act.

THE RENEWABLE PORTFOLIO STANDARD ENFORCEMENT PROGRAM UNDER SB X1-2 CONTAINS THE FOLLOWING ELEMENTS:

This renewable energy resources enforcement program shall apply to the Imperial Irrigation District operating under the requirements applicable to local publicly owned electric utilities.

1. Definitions

The definitions set forth in Public Resources Code §25741 and Public Utilities Code §399.12 are incorporated herein.

The following definitions shall also apply to this RPS enforcement program:

- Renewable energy resources procurement plan: The plan adopted by the Imperial Irrigation District Board of Directors pursuant to Public Utilities Code §399.30, as further described in Section 10.
- Energy Commission: The State Energy Resources Conservation and Development Commission.
- CPUC: The California Public Utilities Commission.

2. Compliance Periods

The IID Board of Directors adopts the following compliance periods as required by Public Utilities Code §399.30(b):

- Compliance Period One: January 1, 2011 through December 31, 2013
- Compliance Period Two: January 1, 2014 through December 31, 2016
- Compliance Period Three: January 1, 2017 through December 31, 2020

3. Procurement Targets

The Imperial Irrigation District Board of Directors adopts the following RPS-eligible procurement goals as a percentage of retail sales, pursuant to Public Utilities Code §399.30(c)(1)-(2):

Compliance Period One:

- An average of 20 percent RPS-eligible resource procurement for the period starting with the later of January 1, 2011, or the effective date of Public Utilities Code §399.30, through December 31, 2013.

Compliance Period Two:

- By December 31, 2016: 25 percent RPS-eligible resource procurement.
- January 1, 2014 through December 31, 2016, sufficient procurement to reflect reasonable progress to ensure the above goal is achieved.

Compliance Period Three:

- By December 31, 2020: 33 percent RPS-eligible resource procurement.
- January 1, 2017 through December 31, 2020, sufficient procurement to reflect reasonable progress to ensure the above goal is achieved.

4. Procurement Content Categories

The IID general manager or his duly authorized designee shall assign all RPS-eligible resources procured by IID to their appropriate procurement content category in accordance with the provisions of Public Utilities Code §399.30(c)(3), consistent with Public Utilities Code § 399.16.

5. Grandfathering of Procurement Content Category Requirements

The IID general manager or his duly authorized designee shall count all resources meeting the requirements of Public Utilities Code §399.16(d) in full toward the procurement requirements set forth in this RPS enforcement program, if all of the following conditions are met:

- (a) The renewable energy resource was eligible under the rules in place as of the date when the contract was executed; and
- (b) Any contract amendments or modifications occurring after June 1, 2010, do not increase the nameplate capacity or expected quantities of annual generation, or substitute a different renewable energy resource; provided that the duration of the contract may be extended if the original contract specified a procurement commitment of 15 or more years; and
- (c) Any renewable products defined as renewable products by IID's governing board and previously reported to the CEC as part of IID's renewable portfolio.

This provision permits, but does not require, resources meeting the requirements of Public Utilities Code §399.16(d) to be exempt from the procurement content requirements.

6. Deviation from Procurement Content Category Requirements

The Imperial Irrigation District Board of Directors may waive or reduce a procurement content requirement set forth in this RPS enforcement program to the extent the district demonstrates that it cannot comply with such requirements because of:

- (a) Conditions beyond the control of IID due to any one of the conditions set forth in Public Utilities Code §399.15(b)(5); or
- (b) Other conditions adopted by the board based on facts reasonably found by it to be consistent with the intent of Public Utilities Code §399.15(b)(5) or §399.18 and the unique circumstances facing IID as a small POU.

7. Delay of Timely Compliance

The Imperial Irrigation District Board of Directors may adopt measures permitting the district to delay timely compliance with this RPS enforcement program pursuant to Public Utilities Code §399.30(c)(2), consistent with the requirements of Public Utilities Code §399.15(b)(5) or other conditions adopted by the board of directors based on facts reasonably found by it to be consistent with the intent of Public Utilities Code §399.15(b)(5).

8. Banking Rules

The Imperial Irrigation District Board of Directors may adopt measures permitting the district to accumulate, beginning January 1, 2011, excess procurement in one compliance period to be applied to any subsequent compliance period provided that the quantity of excess procurement is determined in the same manner as allowed for retail sellers pursuant to Public Utilities Code §399.13(a)(4)(B).

9. Cost Limitations

The Imperial Irrigation District Board of Directors may establish a limitation on the procurement expenditures for all RPS-eligible resources used to comply with this RPS enforcement program. In establishing such limit, the board shall rely on elements consistent with Public Utilities Code §399.15(c)(1)-(3) and with pertinent policies and rules established by the district board, including but not necessarily limited to rate regulations and existing bond covenants.

The cost limitation value shall be included in the renewable energy resources procurement plan, as described in Section 10.

10. Renewable Energy Resources Procurement Plan

The Imperial Irrigation District Board of Directors directs the district general manager or his duly authorized designee to develop and present a renewable energy resources procurement plan to the district board of directors. At a minimum, the renewable energy resources procurement plan shall include:

- (a) The specified resources that IID plans to use to meet the procurement targets adopted in Section 3, above; and
- (b) The flexible compliance mechanisms to be utilized by IID pursuant to Sections 5, 6, 7, 8, and 9, above. IID shall post a public notice whenever its board will deliberate in public on the renewable energy resources procurement plan. IID shall also provide data annually to the CEC and report annually to IID's customers and the CEC in accordance with Public Utilities Code § 399.30.

11. Enforcement

The Imperial Irrigation District Board of Directors directs the general manager or his duly authorized designee to inform the board at a public meeting in the event the district will not meet the procurement requirements set out in Sections 3 and 4, above, subject to the flexible compliance mechanisms of Sections 5, 6, 7, 8 and 9, above. As soon as reasonably practicable following his informing the district board, the general manager or his duly authorized designee shall develop and present a plan to bring IID into compliance.

PASSED AND ADOPTED this _____ day of _____.

IMPERIAL IRRIGATION DISTRICT

President

Secretary